

## Chapter 11 Bankruptcy:

Chapter 11 Bankruptcy is designed for Businesses that have a current and future profitable business that is worth saving and needs to reduce and restructure past debt obligations. Some of the benefits of Chapter 11 are as follows:

- Payout debt up to a 6 year period.
- Reduce and eliminate most tax penalties on priority tax claims.
- Work out deals with taxing authorities in Bankruptcy.
- Reduce unsecured tax to as little 10% of the claim depending on the asset structure of the corporation.
- Reject leases that are burdensome on the business.
- Stop all lawsuits and collection actions.
- Ability to offer new lenders D-I-P protection to secure funding.
- Sell assets free and clear of liens pursuant to Section 363.

Individuals can also utilize Chapter 11 in the following circumstances:

- Secured debt over the Chapter 13 Debt Limit.
- Unsecured debt over the Chapter 13 Debt Limit.
- Unique circumstances that might warrant taking their case to a creditor vote.

Chapter 11 is the most expensive Bankruptcy and thus should only be used in these circumstances and the Debtors must be prepared to:

- Attend status conferences.
- File operating reports every month.
- Pay secured debt claims currently after the bankruptcy filing.
- Stay current with leases that the Debtor wishes to affirm.
- Pay the administrative costs inherent in Chapter 11.